

## Message Text

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(PHONE)

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P 071918Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY KABUL PRIORITY

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E.O. 11652: N/A

TAGS: BEXP, AF

SUBJECT: TEN MAJOR PROJECTS

REF: KABUL 0565 AND PREVIOUS

1. WE HAVE EXPERIENCED FLURRY OF INTEREST IN MAJOR PROJECT REPORTED BY EMBASSY. THUS FAR, BECHTEL, EBASCO SERVICES, M. W. KELLOGG, PROCON, AND CHEMICAL CONSTRUCTION CO. HAVE INDICATED THAT THEY CONSIDERING PURSUING BUSINESS. MAJOR INTERESTS ARE GAS UTILIZATION, PETROCHEMICALS AND OTHER PROCESS PLANTS. WE HAVE ENCOURAGED FIRMS TO MOVE QUICKLY AND TO SEND REP TO KABUL AS PER EMBASSY'S SUGGESTION. WILL ADVISE OF COMPANIES' PLANS WHEN DECISIONS ARE MADE.

2. PROCON (DIVISION OF UNIVERSAL OIL PRODUCTS-UOP) HAS CABLED TOUFIQI DIRECTLY AND HAS SENT FOLLOWUP LETTER (COPY ALSO SENT TO EMBASSY). WE HAVE ADVISED THEM OF COMMUNICATION DIFFICULTIES AND OF NEED FOR DIRECT CONTACT WITH AGHANS. PROCON, WHOSE INTEREST IS MAINLY  
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GAS UTILIZATION, HAS REP SCHEDULED TO BE IN IRAQ IN

MID-MARCH AND COULD EASILY SCHEDULE STOP IN KABUL ON SAME TRIP. QUESTION IS WHETHER COMPANY WOULD BE ADVISED TO WAIT THAT LONG IN VIEW SITUATION.

, PROCON COULD SEND MAN DIRECTLY FROM U.S. EARLIER BUT NEED MORE INFO IN ORDER TO JUSTIFY EXPENSIVE TRIP. THEY PARTICULARLY WOULD LIKE MORE DETAILS RE TYPE OF STUDY REQUIRED ON GAS UTILIZATION PLANS.

4. ALL COMPANIES HAVE EXPRESSED CONFUSION RE FEASIBILITY OF LNG PLANT. FOR FUEL PURPOSES, GAS DOES NOT NEED TO BE LIQUIFIED. NATURAL GAS IS GENERALLY LIQUIFIED INTO LNG (PROCESS REQUIRES HIGH PRESSURE COOLING TO EXTREMELY LOW TEMPERATURES) AS A MEANS OF TRANSPORTING IT BY SEA OVER LONG DISTANCES. THIS ALSO REQUIRES EXPENSIVE REGASIFICATION FACILITY AT OTHER END IN ORDER TO UTILIZE THE GAS FOR ENERGY AND INDUSTRIAL PURPOSES. AS AFGHANISTAN IS LAND-LOCKED COUNTRY, THIS WHOLE PROCESS, WHICH REQUIRES EXTREMELY EXPENSIVE FRONT END INVESTMENT, MAKES VERY LITTLE SENSE. PERHAPS AFGHANS TALKING ABOUT OTHER GAS LIQUIDS, BUT USE AS DESCRIBED KABUL 8037 STILL UNCLEAR.

5. WHAT ALL COMPANIES SEEM TO AGREE UPON IS THAT AFGHANISTAN REALLY NEEDS LARGE-SCALE INTEGRATED ECONOMIC STUDY ON RESOURCES IN ORDER TO ASSURE MOST DESIRABLE UTILIZATION OF GAS, COAL, IRON ORE, AND OTHER MINERALS. THIS WOULD LEAD TO WELL-PLANNED INDUSTRIALIZATION, TAKING BEST POSSIBLE ADVANTAGE OF QUANTITY, QUALITY, AND LOCATION OF NATURAL RESOURCES. GAS RESERVES ALONE HAVE VARIETY OF ALTERNATE USES: AS FUEL, AS FEEDSTOCK FOR FERTILIZER AND OTHER PETROCHEMICALS, AS DIRECT REDUCTION AGENT TO MAKE STEEL, ETC. APPROACH WHICH AFGHANS SEEM TO BE TAKING OF CHOOSING ARBITRARY PROJECT AND THEN DOING FEASIBILITY STUDIES INDEPENDENTLY IS, AS EMBASSY PROBABLY AWARE, NOT THE MOST ORGANIZED METHOD OF PLANNING. U.S. COMPANIES CONCERNED THAT UNDERTAKING FEASIBILITY STUDY FOR LNG PROJECT FOR INSTANCE WOULD NOT BE REMUNERATIVE, SINCE PROJECT WOULD PROBABLY NOT BE FEASIBLE AND THEREFORE WOULD NOT LEAD TO MAJOR LIMITED OFFICIAL USE

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CONTRACT WORK.

ACTION REQUESTED: WOULD LIKE CLEARER PICTURE OF WHAT TOUFIQI HAS IN MIND IN REGARD TO GAS UTILIZATION STUDY. DOES HE REALLY WANT LNG PLANT OR IS HE LOOKING FOR BROAD-GUAGE STUDY ON ALTERNATE USES OF GAS?

WOULD APPRECIATE EMBASSY CHECKING TO MAKE SURE THAT

TOUFIQI HAS RECEIVED PROCON CABLE AND LETTER. WOULD ALSO  
WELCOME COMMENTS REGARDING TIMING OF PROCON VISIT. KISSINGER

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